

Panel Consensus Review of Applications Requesting Funds to Complete Previously Funded Projects

Panel participants: Richard Valzonis, Michael Pullum, Shep Smith, Juanita Massenburg, Wilmur Conyers, Larry Jarvis, Donald Ham, Tamesha Thompson-Eleanya

Scoring Criteria

Factor 1 (25 maximum points): Extent to which the request specifically targets properties already acquired using funding provided by the City of Durham.

Factor 2 (25 maximum points): Extent to which request is directly linked to completing (defined as having a beneficiary in place) NSP properties or open HOME projects with no beneficiary on the HUD watch list.

Factor 3 (25 maximum points): Extent to which the request on a per unit basis is reasonable and in line with other recently completed projects of a similar nature.

Factor 4 (25 maximum points): Extent to which completion can be reasonably expected within 12 months of award date.

Historic Preservation Foundation of North Carolina. The Foundation requested \$100,000 to assist with the rehabilitation of two NSP-acquired properties – 2010 Ashe Street and 309 Clay Street. Scoring – Factor 1 (25 points), Factor 2 (25 points), Factor 3 (25 points) and Factor 4 (0 points). Total points: 75. The panel recommended award of the \$100,000 request given the pending deadline for completion of NSP properties. The award of 0 points in Factor 4 reflects the fact that another Foundation historic rehab has been completed and offered for sale for several months and it is anticipated that these two properties will be on the market for a lengthy time as well. Total funds recommended: \$100,000.

Durham Community Land Trustees (DCLT). DCLT requested four types of funding. In construction financing, it requested \$300,000 to construct homes at 1307 W. Chapel Hill Street, 1104 Proctor Street and 880 Estes Street. For these three properties, it requested a \$30,000 predevelopment grant and \$21,000 for the construction manager's salary. It also requested \$25,000 in City second mortgage loans/downpayment assistance for each of the proposed homes and the three homes left to be completed and/or sold in its Cameron Place project. The panel noted that DCLT already has \$300,000 in construction financing outstanding in its Cameron Place project where one completed home remains unsold and two vacant lots are left to be built upon. The panel recommended against providing additional construction financing on top of the \$300,000 already extended to DCLT. Since no additional construction would begin outside Cameron Place until that project is completed, DCLT would have no need for the requested predevelopment grant or funding to pay the salary of the construction manager. Similarly, with three homes left to be completed and/or sold in Cameron Place in the upcoming year, the panel recommended second mortgage/downpayment assistance only for those three

homes in a total amount of \$75,000. Scoring – Factor 1 (25 points), Factor 2 (13 points), Factor 3 (25 points) and Factor 4 (10 points). Total points: 73. Total funds recommended: \$75,000.

Habitat for Humanity of Durham. Habitat requested \$400,000 to provide City second mortgage loans to the buyers of 20 homes it plans to complete next year. For the sake of clarity, it is important to understand how the City's second mortgage loans have worked with the Habitat model. Habitat provides permanent financing at 0% with a 30-year term to its homebuyers. The City's second mortgage loan, which carries the same interest rate and term, allows Habitat to reduce the amount of the first mortgage loan it holds in order to accelerate cash flow and build more homes. The important aspect to consider is that unlike homebuyers who purchase homes with conventional first mortgages, Habitat homebuyers do not benefit from the City's second mortgage loan – the only benefit is to Habitat. The consensus of the panel was that because the requested funds would not directly benefit the Habitat homebuyers, the full funding request should not be considered. It was also noted that Habitat buyers usually receive a \$25,000 subordinate mortgage loan from NCHFA. Additionally, the lots upon which Habitat proposes to build homes were or will be conveyed to Habitat at no cost. Most of the lots were acquired with CDBG, HOME or NSP funds and some were conveyed at no cost to Habitat by the City through an RFP process. The panel recommended the award of \$100,000 to Habitat (four second mortgage loans of \$25,000 each) for the four NSP properties on its list. Coupled with Habitat's access to the citywide second mortgage loan program for the remainder of the current fiscal year, these supplemental funds provide Habitat with substantial lead time to modify its financing model to eliminate dependence on City funding for operating costs. Scoring – Factor 1 (15 points), Factor 2 – (5 points), Factor 3 (25 points) and Factor 4 (25 points). Total Points: 70. Total funds recommended: \$100,000.

Builders of Hope (BOH). BOH requested mortgage write-downs of \$10,000 each for four single family units on Rock Street in SWCD and \$6,000 each for six smaller "shotgun" houses which are also on Rock Street. All properties were acquired using HOME funds. At the time of acquisition, it was anticipated that the shotgun style houses would be rental units and the consensus of the panel was that rental would most likely be the permanent use. Write-downs for the shotguns therefore were not considered. With respect to the request for the four single family units, the panel thought it appropriate to maintain consistency among subrecipients requesting the same funding. Therefore, it recommended \$25,000 in second mortgage assistance for each of the four properties. Scoring – Factor 1 (25 points), Factor 2 (25 points), Factor 3 (25 points) and Factor 4 (5 points). Total Points: 80. Total funds recommended: \$100,000.